

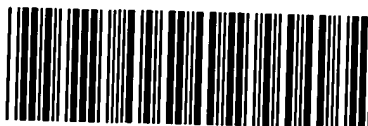
Registration number: 3205768

# PGIM Real Estate (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

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# **PGIM Real Estate (UK) Limited**

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# **PGIM Real Estate (UK) Limited**

## **Company Information**

<b>Directors</b>	M. A. Chamieh H. C. Day A. J. S. MacLand M. R. Crowther M. G. Fresson P. A. Stanford
<b>Company secretary</b>	L. D. King
<b>Registered office</b>	Grand Buildings 1-3 Strand Trafalgar Square London WC2N 5HR
<b>Solicitors</b>	CMS Cameron McKenna LLP Cannon Place 78 Cannon Street London EC4N 6AF
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

## **PGIM Real Estate (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2022**

The Directors present their Strategic Report for PGIM Real Estate (UK) Limited ('PGIMREL' or the 'Company') for the year ended 31 December 2022.

#### **Principal Activities**

The Company is a wholly owned subsidiary of PGIM Financial Limited ('PFL') and its results are also included in the consolidated financial statements of PFL and its subsidiaries (collectively the 'Group'). PFL is in turn a direct subsidiary of PGIM, Inc. ('PGIM') a company incorporated in the United States, the asset management division of Prudential Financial, Inc., ('PFI') a company incorporated in the United States and listed on the New York Stock Exchange (NYSE; PRU).

The Company is authorised as an Alternative Investment Fund Manager and regulated by the FCA and is authorised by the Securities and Exchange Commission ('SEC') as an investment advisor. PGIMREL forms part of the PGIM Real Estate business line and provides investment management and investment advisory services (collectively 'Asset Management services') to a range of clients under mandate, including single client account, institutional investors (including PGIM, Inc., PFI and other subsidiaries of PFI ('PFI Group')) and Alternative Investment Funds, principally collective investment schemes investing in real estate related debt. The Company also holds an interest in PGIM Real Estate Carry & Co-Invest SCSp, a Luxembourg Limited Liability Partnership through which it manages co-invest activity in two funds and from which it expects to receive carry interest in the future. As of 31 December 2022 neither of the two funds were in a carried interest position.

#### **Business review**

Whilst 2022 continued to be a challenging time for global markets as a whole, the performance of the Company has proven to be robust.

In January 2022, the Company oversaw the £1.5b final close of PGIM Real Estate Capital VII ("PRECap VII"), the largest European real estate debt fund closed in 2021. The Assets under Management ('AUM') of the Company increased from £4.0bn as at 31 December 2021 to £4.2bn as at 31 December 2022. Revenue has remained constant year on year at £61.4m (2021: £61.3m), with performance fees of £3.7m recognised during the year. As PGIMREL continues to develop its fund management business, it is anticipated that revenue will continue to grow further.

The Directors proposed an £8.0m interim dividend for the year 2022 (2021: £nil). No final dividend was proposed for the year 2022 (2021: £nil).

#### **Section 172 (1) Statement**

The Directors have a regard to the matters as set out in section 172(1) of the Companies Act 2016 (CA 2016) as detailed below. Sections 465 to 467 of CA 2016 do allow for certain exemptions from this disclosure on the basis of size or materiality, however the Company is excluded from benefiting from these exemptions on the basis that it forms part of an ineligible group, that is a group which, amongst other criteria, contains a MiFID investment Firm or UCITS management company.

## **PGIM Real Estate (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

#### **a) The likely consequences of any decision in the long term**

The Directors regularly assess the Company's strategy from both a commercial and risk perspective to ensure the long term consequences of any strategic decision are understood and are taking into account when making decisions.

The Directors continue to pursue their longer term strategy of aligning the Company's activity to that of the PGIM Real Estate Division with the PRECap VII final close in early 2022 for which the Company acts as asset manager.

The Directors consider the potential impact regulatory change, for example the impact of the new UK Investment Firms Prudential Regime, on the performance, cash flows and capital of the Company when assessing whether the Company has sufficient liquidity and capital adequacy to make dividend payments and to meet its obligations as they fall due. An interim dividend of £8.0m was proposed for the year 2022 (2021: nil). No final dividend was proposed for the year 2022 (2021: £nil).

The Directors are mindful of the economic and social impact of the long term decisions made within the Company and to support the management of the Company with its Economic and Social Governance.

#### **b) The interests of the Company's employees**

The Company has no direct employees and is therefore exempt from reporting on employee engagement.

#### **c) The need to foster the Company's business relationships with suppliers, customers and other stakeholders**

The Company works to foster positive business relationships with suppliers, customers and other stakeholders. Relationships with customers are governed by written contracts to ensure transparency and clarity of expectation of performance. The Company has established good working relationships with its suppliers and seeks to ensure a responsible payment culture, with the publishing for the Group of its Business Payment practices and Performance reporting on the Companies House website. As part of their engagement with stakeholders, the Directors review and challenge the Business Payment practices and Performance reporting to ensure that suppliers are paid within agreed terms.

Following a review of the Modern Slavery Act, the Company has engaged with its suppliers to ensure mutual compliance. The Company seeks to establish positive relationships with the local regulatory authorities.

#### **d) The impact of the Company's operations on the community and the environment**

The Group encourages its employees to contribute to the community in which the Company operates by offering the opportunity to take part in local charity and volunteering initiatives.

The Group seeks where possible to minimise its impact on the environment and has developed in-house initiatives, such as an internal recycling scheme and the provision of employee cycle racks, to support this aim. The Group has set a quantitative and qualitative target for its business, aimed at reducing its overall environmental impact of its operations.

The Company's Grand Building offices uses 100% renewable energy for its electricity supply.

## PGIM Real Estate (UK) Limited

### Strategic Report for the Year Ended 31 December 2022 (continued)

**e) The desirability of the Company maintaining a reputation for high standards of business conduct**

There is worldwide engagement with employees regarding their individual conduct and the high standards of ethics and integrity expected of employees is outlined in Prudential's Code of Conduct "Making the Right Choices". The Code of Conduct is supported by ongoing training and annual re-certification.

**f) The need to act fairly between members of the Company.**

The Company is a private limited company with a sole shareholder.

**Key performance indicators**

The Company's key financial and other performance indicators during the year were as follows:

	2022 £	2021 £
Revenue	61,360,472	61,337,788
Profit before tax	8,338,520	12,317,167
Income tax expense	(1,285,282)	(2,339,242)
Profit for the financial year	<u>7,053,238</u>	<u>9,977,925</u>

As well as profitability, the Directors consider Assets Under Management ('AUM') for the principal business lines to be a key measure of performance.

	2022 £m	2021 £m
<i>Assets Under Management</i>		
Real Estate	<u>4,160</u>	<u>3,971</u>

## **PGIM Real Estate (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

#### **Principal risks and uncertainties**

The Company's strategic goals in 2023 are to continue to develop its asset management activities and to grow its AUM.

The Directors continually assess the risks faced by the Company and believe that its principal risk is business risk which is defined as the Company's failure to meet the strategic objectives detailed above as a result of significant market movements or other external factors.

The Company has limited exposure to foreign exchange risk on its assets and liabilities denominated in currencies other than GBP, notably in Euro and USD. The Company is exposed to Counterparty Credit Risk in that it has internal and external creditors but the Directors believe this risk to be mitigated by the fact that a significant proportion of the balance is held with other associated entities of the Group and there is no history of material default with external counterparties.

Following the seizure of Silicon Valley Bank and Signature Bank by US regulators and the news that UBS Group is acquiring Credit Suisse, management have been monitoring the developing banking situation and reviewing our corporate banking relationships. It can be confirmed that the Company has no direct exposure to either Credit Suisse or any of the US regional banks. Management will monitor for any indirect exposures, whether through our tenants, joint venture partners, borrowers or other critical vendors and take appropriate action as needed.

As a result of the Russian and Ukrainian conflict, ongoing since 24 February 2022, and the resulting market volatility, management performed an assessment of the Company's potential direct and indirect exposure and the potential financial and operational implications of the conflict. The Company does not have employees, offices nor assets situated in Russia or Ukraine, and, having reviewed its relationships with customers and suppliers, has found no evidence of exposure to sanctioned entities or individuals nor any direct exposure in Russia nor Ukraine.

Management have considered indirect exposures to the Ukraine conflict and the current banking situation, in particular the risk of potential further inflationary pressure, and the performance and cash flows of the Company have been stressed to include this risk as part of the going concern analysis. As a result, whilst management believe the impact of the Ukraine crisis and current banking situation on the real estate market could be significant, the impact on financial performance and the operational capacity of the Company is not being seen as material at this time.

The Company has no long term borrowings and the short term borrowings consist predominately of intercompany payables, in respect of re-charged costs. The company has no direct exposure to interest rate risk.

#### *Market risk*

The Company is exposed to market risks, principally in the form of foreign exchange risk. Foreign exchange risk arises from fluctuations in the value of its assets and liabilities denominated in currencies other than pounds sterling. To the extent that the market risk associated with a particular asset or liability is deemed to be material, the Company is able to utilise various hedging strategies to mitigate this risk. Foreign risk exposure is monitored at the Group level and currency hedges are used when appropriate.

## PGIM Real Estate (UK) Limited

### Strategic Report for the Year Ended 31 December 2022 (continued)

#### *Credit risk*

Credit risk arises mainly from cash and receivables from third parties, and balances with other affiliated companies. The Company's approach to managing this risk is to hold cash with large, systemically important banks and to monitor and arrange settlement of receivable balances and non-affiliated balances with third parties on a timely basis.

#### *Liquidity risk*

The Company manages liquidity risk through a combination of maintenance of cash surpluses held by the Company and detailed regular forecasting of the Company's funding requirements, and does not consider liquidity risk to be material.

#### *Inflation Risk*

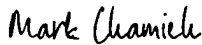
The inflation rate rose dramatically during the year in the UK and in other countries. The cost base of the entity consists primarily of recharges from its parent company PGIM Financial Ltd relating primarily to staff costs. The hybrid cost plus model of the entity ensures any price increase is compensated for by increased revenue and on this basis the company has not been significantly impacted by increased inflation rate.

#### *Business Continuity Risk*

In 2022 with the UK still having periods of physical and economic lockdowns, staff continued to work remotely during the first half of the year. Later during the year they were able to adopt a hybrid model of working. The operational control environment has been maintained throughout this time and the Company has continued to provide services without interruption, demonstrating the operational resilience of the Business Continuity Plan (BCP) framework.

The Company is regulated by the FCA. The Company holds capital sufficient to provide resilience against a severe yet plausible event as part of its normal business activity. In order to ensure the Company continues to hold sufficient capital for regulatory purposes and liquidity to meet obligations as they fall due, capital and liquidity adequacy are monitored on an ongoing basis.

By order of the Board and signed on its behalf by:

DocuSigned by:  
  
F9BBFF11C4274A...

.....  
M. A. Chamieh  
Director

Date:.....26 April 2023.....



## **PGIM Real Estate (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022**

The Directors present their report and the audited Financial Statements for the year ended 31 December 2022.

PGIMREL is a private company limited by shares incorporated by the Registrar of Companies (England and Wales) in the United Kingdom and has its registered office at Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR.

The Company's immediate parent company is PGIM Financial Limited, which in turn is a subsidiary of PGIM, Inc., a company incorporated in the United States. PGIM, Inc. is itself a subsidiary of Prudential Financial, Inc., a company incorporated in the United States, listed on the New York Stock Exchange (NYSE; PRU), and the parent undertaking of the largest group for which group financial statements are prepared.

The financial statements have been prepared on a going concern basis.

#### **Directors' of the Company**

The Directors, who held office during the year and up to date of the signing of the financial statements were as follows:

R. Amabile (resigned 18 January 2022)

M. A. Chamieh

H. C. Day

A. J. S. MacLand

M. R. Crowther

M. G. Fresson

P. A. Stanford (appointed 18 January 2022)

#### **Dividends**

An interim dividend of £8m was made in the year (2021: £nil). No final dividend payment was made in the year (2021: £nil).

#### **Future outlook and events after the Balance Sheet date**

The Company will continue to manage Alternative Investment Funds and to seek new investment opportunities.

#### **Country by country reporting**

As a qualifying investment firm, the Company has obligations under Article 89 of the Capital Requirements Directive to report its international activities and establishments. These disclosures are unaudited and included on the Company's website:

[www.pgim.com/node/909](http://www.pgim.com/node/909)

#### **Political donations**

The Company has made no political donations and incurred no political expenditure during the year (2021: £nil).

## **PGIM Real Estate (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Financial instruments**

The Company holds financial instruments including cash, trade receivables and payables as detailed in the Statement of Financial Position (2021: cash, trade receivables and payables).

#### **Regulatory Approvals**

The Company has been authorised by the Financial Conduct Authority as a €125,000 full scope AIFM.

On 26 February 2020 the Company received FCA approval for the Variation of Permission in relation to its MiFID top-up application. The Company now has extended its permissions with the FCA to enable it to perform investment management services for separate account customers in addition to the existing Alternative Investment Fund management.

#### **Streamlined Energy and Carbon Report**

As the UK subsidiary of a UK parent company, PGIMREL does not have to report on its UK energy use and carbon emissions as these disclosures are in the consolidated Streamlined Energy and Carbon Report included in the Directors' Report of the Financial Statements of its parent, PGIM Financial Limited.

#### **Engagement with suppliers, customers and other relationships**

As referenced in the Section 172 statement in the Strategic Report, the Company works to foster positive business relationships with suppliers, customers and other stakeholders. Relationships with customers are governed by written contracts to ensure transparency and clarity of expectation of performance.

The Company has established good working relationships with its suppliers and seeks to ensure a responsible payment culture, with the publishing for the Group of its Business Payment Practices and Performance reporting on the Companies' House website. As part of their engagement with stakeholders, the Directors review and challenge the Business Payment practices and Performance reporting to ensure that suppliers are paid within agreed terms.

Following a review of the Modern Slavery Act, the Company has engaged with its suppliers to ensure mutual compliance. The Company seeks to establish positive relationships with the local regulatory authorities.

#### **MIFIDPRU 8 Disclosures**

Under the MIFIDPRU 8 requirements of the Investment Firm Prudential Regime (IFPR), the Company is required to disclose in a public forum its principal risk management, capital adequacy and remuneration. These disclosures are unaudited and included on the Group's website:

[www.pgim.com/node/909](http://www.pgim.com/node/909)

## **PGIM Real Estate (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Going concern**

2022 was marked by economic uncertainty as countries, including the UK, were affected by the on-going conflict between Russia and Ukraine and the subsequent economic volatility characterised by rising inflation and the cost of living crisis.

Following the seizure of Silicon Valley Bank and Signature Bank by US regulators and the news that UBS Group is acquiring Credit Suisse, management have been monitoring the developing banking situation and reviewing corporate banking relationships. It can be confirmed that PGIM Real Estate (UK) Ltd has no direct exposure to either Credit Suisse or any of the US regional banks. Management will continue to monitor for any indirect exposures, whether through tenants, joint venture partners, borrowers or other critical vendors and take appropriate action as needed.

The Company is FCA regulated and holds capital sufficient to provide resilience against a severe yet plausible event as part of its normal business activity. In order to ensure the Company continues to hold sufficient capital for regulatory purposes and liquidity to meet obligations as they fall due capital and liquidity adequacy are monitored on an ongoing basis.

The Directors have performed an analysis of expected cashflows and on the 2023 expected performance on the Company. The potential impact on the performance of the Company for the 12 months following the signature of the accounts is difficult to forecast and is being monitored closely. The Company is currently profitable and is forecast to remain profitable for the 12 months following the signing of the accounts. The Company has sufficient cash reserves to enable it to meet its strategic goals as planned.

With the diversity of its revenue base, its liquidity and the strength of its balance sheet, the Directors are confident that the Company is a going concern and the financial statements have been prepared on a going concern basis.

#### **Directors' indemnity statement**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is in force as at the date of signature of the financial statements. The Company does not have its own Directors' and Officers' liability insurance but is covered by a scheme run by its ultimate parent, Prudential Financial, Inc., maintained throughout the financial year in respect of itself and its Directors.

#### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

## **PGIM Real Estate (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Statement of Directors' Responsibilities (continued)**

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

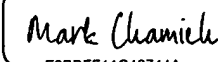
In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Reappointment of independent auditors**

It is the intention of the Directors to reappoint the independent auditors PricewaterhouseCoopers LLP in accordance with the requirements of Section 487 of the Companies Act 2006.

Approved by the Board on 24 April 2023 and signed on its behalf on 26 April 2023 by:

DocuSigned by:  
  
.....F9BBFF11C42744A.....  
M. A. Chamieh  
Director

# Independent auditors' report to the members of PGIM Real Estate (UK) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, PGIM Real Estate (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of financial data to present a more favourable financial or capital position and the posting of inappropriate journal entries to increase revenue. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations against revenue; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jennifer March (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 April 2023



**PGIM Real Estate (UK) Limited**

**Income Statement for the Year Ended 31 December 2022**

	Note	2022 £	2021 £
Revenue	4	61,360,472	61,337,788
Administrative expenses		<u>(53,019,650)</u>	<u>(49,019,512)</u>
Operating profit	5	<u>8,340,822</u>	<u>12,318,276</u>
Finance income		425	-
Finance costs	6	<u>(2,727)</u>	<u>(1,109)</u>
Net finance costs		<u>(2,302)</u>	<u>(1,109)</u>
Profit before tax		8,338,520	12,317,167
Income tax expense	8	<u>(1,285,282)</u>	<u>(2,339,242)</u>
Profit for the financial year		<u><u>7,053,238</u></u>	<u><u>9,977,925</u></u>


There was no other comprehensive income for the year (2021: £nil).

# PGIM Real Estate (UK) Limited

## Statement of Financial Position as at 31 December 2022

	Note	2022 £	2021 £
<b>Non-current assets</b>			
Investments		82	77
<b>Current assets</b>			
Trade and other receivables	9	18,393,186	40,980,776
Cash	10	20,293,155	18,914,890
		<u>38,686,341</u>	<u>59,895,666</u>
<b>Total assets</b>		<b>38,686,423</b>	<b>59,895,743</b>
<b>Current liabilities</b>			
Trade and other payables	12	(14,496,729)	(34,637,069)
Income tax liability	8	(517,124)	(639,342)
		<u>(15,013,853)</u>	<u>(35,276,411)</u>
<b>Net current assets</b>		<b>23,672,488</b>	<b>24,619,255</b>
Total assets less current liabilities		<u>23,672,570</u>	<u>24,619,332</u>
<b>Net assets</b>		<b>23,672,570</b>	<b>24,619,332</b>
<b>Capital and reserves</b>			
Called up share capital	11	10,000,000	10,000,000
Profit and loss account		<u>13,672,570</u>	<u>14,619,332</u>
<b>Total equity</b>		<b>23,672,570</b>	<b>24,619,332</b>

The financial statements on pages 15 to 29 were approved by the Board on 24 April 2023 and signed on its behalf on 26 April 2023 by:

DocuSigned by:  
  
 1CFF88226AA74A8.....  
 M. G. Fresson  
 Director

Registration Number: 3205768

The notes on pages 18 to 29 form an integral part of these financial statements.

**PGIM Real Estate (UK) Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2022**

	<b>Share capital</b> £	<b>Retained earnings</b> £	<b>Total</b> £
At 1 January 2021	10,000,000	4,641,407	14,641,407
Profit for the financial year	-	9,977,925	9,977,925
Total comprehensive income	-	9,977,925	9,977,925
At 31 December 2021	<u>10,000,000</u>	<u>14,619,332</u>	<u>24,619,332</u>

	<b>Share capital</b> £	<b>Retained earnings</b> £	<b>Total</b> £
At 1 January 2022	10,000,000	14,619,332	24,619,332
Profit for the financial year	-	7,053,238	7,053,238
Total comprehensive income	-	7,053,238	7,053,238
Dividends	-	(8,000,000)	(8,000,000)
At 31 December 2022	<u>10,000,000</u>	<u>13,672,570</u>	<u>23,672,570</u>

The notes on pages 18 to 29 form an integral part of these financial statements.

## **PGIM Real Estate (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1 General information**

PGIMREL is a wholly owned subsidiary of PGIM Financial Limited ('PFL') and of its ultimate parent, Prudential Financial, Inc. ('PFI'). The Company and all PGIM Financial Limited subsidiaries comprise the PGIM Financial Limited Group (the 'Group'). The results of are consolidated into the results of both PGIM Financial Limited and of Prudential Financial, Inc., both of which are publicly available. PGIM Financial Limited's financial statements are available at Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR. Prudential Financial, Inc. is the ultimate controlling party and its financial statements are available at 751 Broad Street, Newark, NJ 07102.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

The financial statements of PGIM Real Estate (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial instruments measured at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

##### **Summary of disclosure exemptions**

- (a) the requirements of IFRS 7 Financial instruments: Disclosures to disclose quantitative and qualitative information regarding risks arising from all financial instruments held by the Company. Equivalent disclosures are included in the consolidated financial statements of PGIM Financial Limited, the Company's immediate parent;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose the valuation techniques and inputs used to develop fair value measurements for assets and liabilities held at fair value. Equivalent disclosures are included in the consolidated financial statements of PGIM Financial Limited, the Company's immediate parent;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of Paragraph 79(a)(iv) of IAS 1 to prepare a reconciliation of share capital at the beginning and end of the year;
- (d) the requirements of the following paragraphs of IAS 1:
  - a. 10(d) to prepare a statement of cash flows;
  - b. 16 to make an explicit statement of compliance with all IFRSs;
  - c. 38(a) to present a minimum of two primary statements, including cash flow statements;
  - d. 38(b-d) to present additional comparative information, and
  - e. 111 to present cash flow information, such as the ability to generate cash;

## **PGIM Real Estate (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

- (e) the requirements of IAS 7 Statement of Cash Flows to present a cash flow statement for the Company;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors to present the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;
- (g) the requirements of paragraph 17 of IAS 24 Related party disclosures to disclose key management personnel compensation in total and for all applicable categories;
- (h) the requirements of IAS 24 Related party disclosures to disclose related parties transactions entered into between two or more members of a group

#### **Going concern**

2022 was marked by economic uncertainty as countries, including the UK, were affected by the on-going conflict between Russia and Ukraine and the subsequent economic volatility characterised by rising inflation and the cost of living crisis.

Following the seizure of Silicon Valley Bank and Signature Bank by US regulators and the news that UBS Group is acquiring Credit Suisse, management have been monitoring the developing banking situation and reviewing corporate banking relationships. It can be confirmed that PGIM Real Estate (UK) Ltd has no direct exposure to either Credit Suisse or any of the US regional banks. Management will continue to monitor for any indirect exposures, whether through tenants, joint venture partners, borrowers or other critical vendors and take appropriate action as needed.

The Company is FCA regulated and holds capital sufficient to provide resilience against a severe yet plausible event as part of its normal business activity. In order to ensure the Company continues to hold sufficient capital for regulatory purposes and liquidity to meet obligations as they fall due capital and liquidity adequacy are monitored on an ongoing basis.

The Directors have performed an analysis of expected cashflows and on the 2022 expected performance on the Company. The potential impact on the performance of the Company for the 12 months following the signature of the accounts is difficult to forecast and is being monitored closely. The Company is currently profitable and is forecast to remain profitable for the 12 months following the signing of the accounts. The Company has sufficient cash reserves to enable it to meet its strategic goals as planned.

With the diversity of its revenue base, its liquidity and the strength of its balance sheet, the Directors are confident that the Company is a going concern and the financial statements have been prepared on a going concern basis.

## PGIM Real Estate (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### New standards, interpretations and amendments

During the year, the following amendments to accounting standards came into effect:

- Annual Improvements to IFRS 2018-2020, effective 1 January 2022;
- Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37), effective 1 January 2022;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), effective 1 January 2022;
- Reference to the Conceptual Framework (Amendments to IFRS 3), effective 1 January 2022.

Following a review of the amendments, the Directors consider that none of the standard, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

There are no other amendments to the accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that had a material impact on the financial statements.

##### Revenue

The Company earns revenue from the provision of management services to related party and third party investment funds for which it receives asset management fees, transaction fees and performance fees. The Group also charges its divisional parent, PGIM Inc. for certain services performed on a cost-plus basis. Services are performed in support of the PGIM Real Estate business lines as well as senior relationship management of PGIM Inc.'s European institutional clients.

##### *Accounting policy - IFRS 15*

The Company recognises revenue under IFRS 15, which recognises revenue based on the transfer of control rather than the transfer of risks and rewards.

Under IFRS 15 revenue is recognised using a 5 step model approach:

- (1) Identify the contract with a customer:  
Each revenue stream recognised by PGIMREL is covered by an asset management or transfer pricing agreement which details the enforceable rights and obligations of each party for the provision of services.
- (2) Identify the performance obligations in the contract:  
IFRS 15 employs the concept of performance obligations. The Company recognises its revenue by reference to type of revenue stream. The Company recognises transaction fees as they occur and variable revenue, in the form of performance fees, is recognised only once the conditions have been met. In respect of re-charge revenue, revenue is recorded on an incurred basis. Performance fees of £3,941,953 were recognised in 2022 (2021: £523,945).

Where it is determined that the performance obligations associated with the Company's revenue streams are met over the period of time, revenue is recorded to the extent that it is highly probable that a significant reversal will not occur. The asset management and transfer pricing agreements include promises to deliver services to the customer and, to the extent that those promises are distinct, they represent discrete performance obligations which are accounted for separately.

## PGIM Real Estate (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

(3) Determine the transaction price:

The asset management and transfer pricing agreements detail the agreed fees to be paid. The fees may be fixed in price and/or variable. Where variable, the amount of consideration to which the Company becomes entitled and the related conditions are detailed in the agreement. The variability of the fee income relates to either the value of the underlying assets upon which the fee is based, or the variability of the costs to be re-charged. Where variable fee income is determined by reference to the underlying value of assets, the valuation of those assets is performed by a third party. Where variable re-charge income is determined by reference to costs incurred, the costs to be re-charged are determined when incurred. No significant management judgement is required to determine the transaction price.

(4) Allocate the transaction price to the performance obligations:

The transaction price is determined by the asset management or transfer pricing agreement. In respect of asset management fees, the fee rate detailed in the agreement is usually applied to the assets under management. In respect of re-charged costs, the amount of costs is re-charge to the counterparty with either a percentage margin or no margin, depending on the transfer pricing agreement. No significant management judgement is required to allocate the transaction price as the pricing approach is detailed in the agreement.

(5) Recognise revenue when the performance obligation is satisfied:

By nature of the service provided, the provision of asset management services is deemed to be simultaneously received and consumed by the customer and on this basis fees are accrued throughout the contract period on the basis of the fee rate agreed in the asset management agreement. At regular periods throughout the year, either quarterly or monthly depending on the agreement, the accrued fees will be adjusted to the actual fee earned during the period at the time the invoice is issued.

*Performance obligations:*

IFRS 15 employs the concept of performance obligations. The Company recognises its revenue by reference to type of revenue stream. The Company recognises transaction fees as they occur and variable revenue, in the form of performance fees, is recognised only once the conditions have been met. In respect of re-charge revenue, revenue is recorded on an incurred basis. Where it is determined that the performance obligations associated with the Company's revenue streams are met over the period of time, revenue is recorded to the extent that it is highly probable that a significant reversal will not occur.

*Revenue disaggregation*

Note 4 "Revenue" disaggregates the revenue of the Company into management fees in respect of the investment, sub-advisory and asset management fees, representing meaningful categories for the Company's business.

## **PGIM Real Estate (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Foreign currencies**

###### **Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The Company's functional and presentation currency is Pounds Sterling (£).

###### **Foreign Currency Transactions**

Transactions in foreign currencies are translated at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies, outstanding at the balance sheet date, are translated at the exchange rates ruling at that date.

Foreign exchange differences arising on translation are recognised in the Income Statement specifically in the administrative expenses. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

##### **Tax**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



## **PGIM Real Estate (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Investments**

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### **Cash**

Cash include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

##### **Trade and other receivables**

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of Trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the Trade and other receivables.

##### **Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Called up share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Administrative expenses**

Administrative expenses are comprised of costs incurred by the Company. These are recognised on an accruals basis and in certain cases management uses estimates and assumptions to determine the probable costs that will be incurred by the Company.

## PGIM Real Estate (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

No significant estimates have been made in the preparation of these financial statements.

Judgements made in the preparation of these financial statements are as follows:

The Company is entitled to receive performance fees based on the performance of certain real estate funds, for which it performs investment management services, such performance fees are based upon the investment return in those funds meeting pre-defined performance targets across the life of the fund. Accordingly, the amount of variable consideration earned under this revenue stream is recognised as revenue to the extent that it is highly probable that a significant reversal will not occur. The Directors have reviewed the funds in question and have concluded that performance fee should be recognised at this time because fund performance target were met.

#### 4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2022	2021
	£	£
Performance fees received and receivable	3,700,975	523,945
Management fees received and receivable from PFI Group affiliates	12,861,244	13,197,831
Management fees received and receivable from PFI Group companies	38,215,215	42,031,393
Management fees received and receivable from third parties	6,583,038	5,584,619
Total revenue	<u>61,360,472</u>	<u>61,337,788</u>

# PGIM Real Estate (UK) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 5 Operating profit

Operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Fees payable to Company's auditors in respect of:		
- audit of the Company's financial statements	69,182	57,104
- audit related assurance services	5,074	4,613
Management recharges from PFI Group companies	52,645,867	48,297,041
Foreign exchange (gains)/losses	(510,217)	165,493
Other expenses	809,744	495,261

### 6 Finance costs

	2022	2021
	£	£
Bank charges	<u>2,727</u>	<u>1,109</u>

### 7 Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	4,487,249	6,115,316
Amounts (excluding shares) receivable under long term incentive schemes	1,378,246	1,362,150
Contributions to pension schemes	<u>43,903</u>	<u>74,220</u>
	<u>5,909,398</u>	<u>7,551,686</u>

	2022	2021
	£	£
Remuneration of the highest paid Director		
Director emoluments	2,617,655	2,739,599
Amounts (excluding shares) receivable under long term incentive schemes	750,000	600,000
Contributions to pension scheme	<u>4,000</u>	<u>4,000</u>
	<u>3,371,655</u>	<u>3,343,599</u>

## PGIM Real Estate (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 7 Directors' remuneration (continued)

There are no separate employees employed by the Company (2021: nil). Seven Directors received Restricted Stock Units and/or Options during the year (2021: six). Seven Directors are members of the defined contributions scheme operated for the benefit of all eligible employees of the PGIM Financial Limited Group (2021: Six). The highest paid Director did not have any accrued UK defined benefit plan entitlements at the end of the year (2021: £nil). The highest paid Director did not exercise any options during the year (2021: nil).

The emoluments of all the Directors of the Company are paid by the Company's parent, PGIM Financial Limited with the exception of M. G. Fresson, who is paid by PGIM European Services Limited, a subsidiary of Prudential Financial, Inc. No recharge is made to the Company by either employer for these Directors emoluments as the Directors do not receive any remuneration for their services as Directors of the Company and consequently their remuneration has been excluded from the analysis above (2021: nil).

Included in remuneration are amounts paid to Directors for their qualifying services to affiliated companies. It is not possible to make an accurate apportionment of their emoluments in respect of each affiliated company. Accordingly, no recharges have been made.

#### 8 Income tax expense

Tax charged in the Income Statement

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax	<u>1,285,282</u>	<u>2,339,242</u>

No income tax is recognised in Other Comprehensive Income (2021: £nil).

The tax expense for the year is lower than (2021: lower than) the standard rate of corporation tax in the United Kingdom for the year ended 31 December 2022 of 19.0% (2021: 19.0%).

	2022 £	2021 £
Profit before tax	8,338,520	12,317,167
Profit before tax multiplied by standard rate of corporation tax in UK 19.0% (2021: 19.0%)	1,584,319	2,340,262
Prior year tax adjustment	<u>(299,037)</u>	<u>(1,020)</u>
Total tax charge	<u>1,285,282</u>	<u>2,339,242</u>

#### Income tax asset

The Company made a payment on account of £1,407,500 (2021: £1,338,532) relating to the expected tax liability for 2022 tax year. The total tax charge for the financial year was £1,285,282 (2021: £2,339,242). This resulted in an income tax payable/(receivable) of £517,124 (2021: £639,342).

On 30 November 2022, the Chancellor announced that from 1 April 2023 the corporation tax rate would increase to 25%. Deferred taxes at the balance sheet date have been calculated using the 25% enacted tax rate and are reflected in these financial statements.

# PGIM Real Estate (UK) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

### 9 Trade and other receivables

	2022 £	2021 £
Trade and other receivables from PFI Group affiliates	5,431,572	5,196,047
Trade and other receivables from PFI Group companies	7,232,294	30,876,625
Trade and other receivables from third parties	5,708,055	4,903,695
Prepayments	21,265	4,409
	<u>18,393,186</u>	<u>40,980,776</u>

Amounts due from PFI Group companies are receivable as per the terms agreed in the support services agreement.

The Company has not suffered any losses because of trade debtor or counterparty defaults during the year (2021: £nil). The Company applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade and other receivables. There were no expected credit losses for 2022 (2021: £nil).

### 10 Cash

	2022 £	2021 £
Cash at bank	<u>20,293,155</u>	<u>18,914,890</u>

### 11 Called up share capital

Allotted, issued and fully paid: ordinary shares of £1 each

	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

#### New shares allotted

During the year, there were no Ordinary shares allotted for consideration (2021: £nil).

## PGIM Real Estate (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 12 Trade and other payables

	2022	2021
	£	£
Accrued expenses	1,165,240	529,229
Amounts due to PFI Group companies	12,463,955	33,923,529
Trade and other payables to third parties	<u>867,534</u>	<u>184,311</u>
	<u>14,496,729</u>	<u>34,637,069</u>

Amounts due to PFI Group companies are payable as per the agreed terms in the intercompany recharge agreement.

#### 13 Dividends

	31 December 2022	31 December 2021
	£	£
An interim dividend was paid during the year (2021 - £Nil) of 80 pence per each Ordinary shares	<u>8,000,000</u>	<u>-</u>

#### 14 Related party transactions

The Company's ultimate parent company is Prudential Financial, Inc., a company incorporated in the United States of America. Related parties of the Company comprise the ultimate parent and other subsidiaries of the ultimate parent, principally PGIM Inc, for which the Company performs and receives Investment Advisory and Investment Management services. The Company is a wholly owned direct subsidiary of PGIM Financial Limited.

In addition the Company manages a number of collective investment schemes and structures entities which include entities deemed to be related parties investment management agreements between companies within the ultimate parent company and those entities.

	2022	2021
	£	£
Management fees received and receivable from PFI Group affiliates	12,861,244	13,197,831
Trade and other receivables from PFI Group affiliates	5,431,572	5,196,047

#### 15 Capital management

The Company's main objectives in managing its capital are as follows:

- ensure continued compliance with its capital requirements as outlined by the Financial Conduct Authority (FCA); and

## **PGIM Real Estate (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **15 Capital management (continued)**

- ensure surplus capital in excess of its capital requirements is deployed appropriately, to protect the overall returns of the Company and with due consideration to the Company's liquidity.

The Company was successful in meeting its objectives during this and the previous financial year.

The Company's capital is represented by the Company's total equity as disclosed in the Statement of Changes in Equity. As at 31 December 2022 this totalled £23,672,570 (2021: £24,619,332). The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to maintain a strong capital base to support the development of the business and provide returns for shareholders.